

## Message Text

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PAGE 01 NEW DE 00669 151513Z

46

ACTION NEA-12

INFO OCT-01 ISO-00 AGR-20 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 NSC-10 SS-20

STR-08 CEA-02 DODE-00 PM-07 H-03 L-03 PA-04 PRS-01

USIA-15 DRC-01 /183 W

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R 150800Z JAN 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 9023

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FOL BOMBAY TEL RPTD FYI

QTE

P R 100945Z JAN 74

FM AMCONSUL BOMBAY

TO RUSBAE/AMEMBASSY NEW DELHI PRIORITY 8545

INFO RUSBTA/AMCONSUL CALCUTTA 1506

RUSBAS/AMCONSU\* MADRAS 1533

LIMITED OFFICIAL USE BOMBAY 0077

E.O. 11652: N/A

TAGS: PINS PINT IN

SUBJ: VIOLENCE AND VOTES: WESTERN INDIA LEADS THE WAY

REF NEW DELHI 0385

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PAGE 02 NEW DE 00669 151513Z

1. I LIKE DRAFT MESSAGE AND CONSIDER IT A SUPERB AND SUCCINCT

ANALYSIS OF SITUATION AS WE SEE IT FROM BOMBAY. I WOULD ONLY SEIZE OCCASION TO ADD A FEW COMMENTS.

2. EMBASSY MAY WISH CONSIDER ELABORATING SOMEWHAT FIRST SUBPOINT PARA 3 REFTTEL TO UNDERSCORE POINT THAT CURRENT POPULAR DISCONTENT MAHARASHTRA-GUJARAT IS DUE PRIMARILY SUBSTANTIAL UNAVAILABILITY FOODGRAINS AND ESSENTIAL COMMODITIES SUCH AS SUGAR AND EDIBLE OILS IN FAIR PRICE SHOPS AND CONSEQUENT NECESSITY PEOPLE MEET THEIR NEEDS IN OPEN MARKET AT CONSIDERABLY HIGHER AND STEADILY RISING PRICES. THIS IS GUT ISSUE. ALTHOUGH WE HAD A GOOD MONSOON AND FOODGRAINS EXIST, THE STATE GOVTS JUST HAVEN'T BEEN ABLE TO OBTAIN AND SUPPLY SUFFICIENT QUANTITIES TO FAIR PRICE SHOPS. THIS DUE TO REDUCED CENTRAL GOVT ALLOCATIONS AND THE INABILITY OF THE STATE GOVTS TO PROCURE SUFFICIENT GRAINS EVEN THOUGH FORCE EMPLOYED AS WE HAVE SEEN IN GUJARAT. THE FARMERS HAVE GRAINS BUT HAVE NO APPARENT INTENTION OF SELLING TO GOVTS, SINCE GOVTS OFFERING LESS THAN PREVAILING MARKET PRICES; AND WE EXPECT FARMERS IN BOTH STATES TO MAINTAIN THEIR OPPOSITION TO PROCUREMENT BY LEVY. INSTEAD FARMERS SELL THEIR GRAINS AT CONSIDERABLY HIGHER PRICES ON OPEN MARKET. THE MORE AFFLUENT CAN AFFORD THE OPEN MARKET PRICES FOR FOODGRAINS AND OTHER ESSENTIAL COMMODITIES BUT THE IMPOVERISHED MASS CANNOT. AND THERE APPEARS TO BE LITTLE PROSPECT FOR IMPROVEMENT. AS WE HAVE STATED, A GOOD MONSOON MAY INCREASE THE HARVEST BUT IT CAN'T PROCURE AND DISTRIBUTE EQUITABLY THE GRAINS PRODUCED. EITHER THE STATES INCREASE THE PROCUREMENT PRICE, WHICH SEEMS UNLIKELY, OR THEY OBTAIN INCREASED ALLOCATIONS FROM THE CENTER.

3. THE FOREGOING SUGGESTS TO US THAT POLICY OF LEAVINGPROCUREMENT AND PRICE FIXING TO STATES HAS FAILED TO PRODUCE EXPECTED RESULTS: COMMON MAN ISN'T GETTING FOOD AND ESSENTIAL COMMODITIES AND FARMER ISN'T GETTING WHAT HE CONSIDERS REASONABLE PRICE SO THAT BLACK MARKET FLOURISHES. THERE IS A NEED AS WE SEE IT FOR A NATIONAL POLICY AND APPROACH TO THE PROCUREMENT AND DISTRIBUTION OF FOODGRAINS AND ESSENTIAL COMMODITIES. TO CITE A CURRENT EXAMPLE: GUJARAT\* WHICH LARGEST PRODUCER GROUNDNUT OIL HAS SOUGHT TO HALT THE EXPORT OF THIS COMMODITY FROM THE STATE DUE TO ARTIFICIAL SHORTAGES. OUR VANASPATI MILLS IN LIMITED OFFICIAL USE

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PAGE 03 NEW DE 00669 151513Z

BOMBAY HAVE LARGELY CEASED OPERATIONS BECAUSE THE PRICE OF GROUNDNUT OIL PER TON HAS RISEN CURRENTLY TO RS 8100 WHILE THE PRICE OF VANASPATI HAS BEEN FIXED BY GOVT AT RS 7040 PER TON. TO CITE ANOTHER: MAHARASHTRA HAS A COTTON PROCUREMENT POLICY AND THE GROWERS ARE OPPOSED TO THE STATE GOVT'S PROCUREMENT PRICE. AS CONSEQUENCE MAHARASHTRIAN GROWERS ARE SELLING THEIR COTTON IN ADJACENT STATES E.G. ANDRA AND M.P. WHERE THERE IS NO PROCUREMENT POLICY AND PRICES ARE

HIGHER THAN THOSE OFFERED BY MAHARASHTRA GOVT. FINALLY ONE SEES ANOMALY IN MAHARASHTRA WHICH LARGEST PRODUCER OF SUGAR OF THAT COMMODITY SELLING AT HIGHEST LEVELS.

4. WITH RESPECT OUR JAN 13 BY-ELECTIONS, THERE ARE INCREASING INDICATIONS THAT THE EARLIER EXPECTED OPEN-AND-SHUT VICTORY THAT CONGRESS HAD EXPECTED IN BOMBAY CENTRAL (NORTH) CONSTITUENCY MAY BE CLOSER THAN ANTICIPATED. ELEMENTS WITHIN SHIV SENA AND RPI ARE UNHAPPY ABOUT DEALS MADE BY THEIR RESPECTIVE LEADERS TO SUPPORT CONGRESS AND AT THIS POINT DIFFICULT ASSESS MAGNITUDE THIS REVOLT AND EXTENT TO WHICH IT WILL BE REFLECTED POLLS. CPI CAMPAIGNING ACTIVELY AND WILL LIKELY ATTRACT ELEMENTS WHO MIGHT OTHERWISE HAVE SUPPORTED CONGRESS VIS-A-VIS JAN SANGH. IF CONGRESS WINS AS WE EXPECT, ALTHOUGH WITH REDUCED MARGIN, IT WILL INDEED BE A PYRRHIC VICTORY AS SO WELL PUT IN REFTEL.

BANE  
UNQTE  
MOYNIHAN

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